

Transportation Planning for the Future

An Automotive Industry Perspective

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Michigan and the Automotive Industry

- Historic Link to the Automotive Industry
- Dominated by Manufacturing – 40% of Michigan's economy linked to Transportation Equipment



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Auto Industry Leading Indicators

Ability To Buy

	<u>Nov '02</u>	<u>Nov '03</u>
Disposable Income	Green	Green
Household Debt	Yellow	Green
Yield Curve	Green	Green
Inflation	Green	Green
Composite	Green	Green

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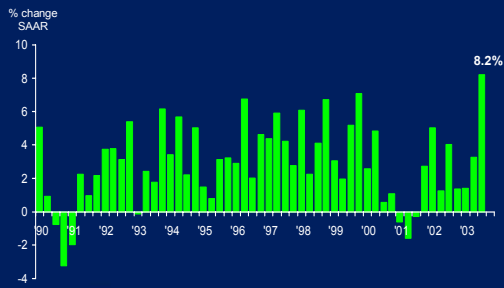
Auto Industry Leading Indicators

Willingness to Buy

	<u>Nov '02</u>	<u>Nov '03</u>
Consumer Attitudes	Red	Yellow
Unemployment Claims	Yellow	Yellow
Workweek	Yellow	Red
Stock Market	Red	Green
Composite	Yellow	Yellow

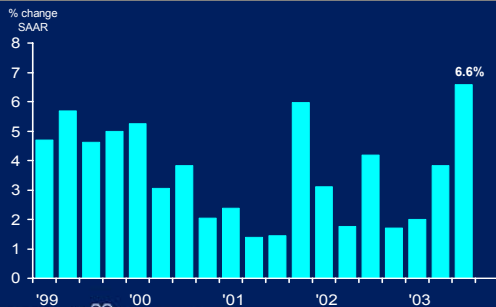
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Growth in U.S. Real GDP



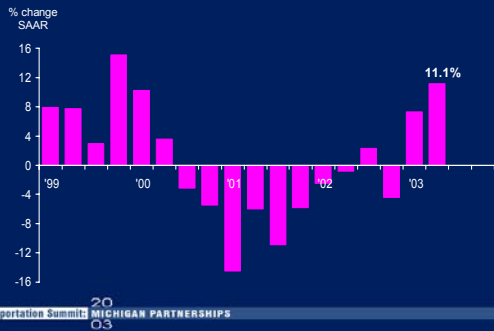
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Personal Consumption



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Non-Residential Fixed Investment



Productivity



Automotive Industry

- Productivity Growth means:
 - Inventory reduction
 - More frequent deliveries
 - Higher density
 - Continued implementation of JIT techniques
- Each part, each shipment is increasingly critical
- Shippers less tolerant of delays

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Transportation Objectives

- Safe, efficient movement of people, goods and services
- Reliable, consistent transportation system
- Support of existing infrastructure and funding for expanded capacity
- Integration of technology
- Improvement of U.S. / Canada Border
- Multi-modal connection to a global marketplace

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Michigan Transportation System

- Support existing infrastructure
 - Ensure availability of existing capacity
 - “Fix it First” Program
 - Identify and resolve significant bottlenecks
 - Plan necessary repairs and maintenance

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Michigan Transportation System

- Provide funding for expanded capacity
 - Plan for future economic growth
 - Implement strategically
 - Funding for key highway capacity expansion projects
 - I-75, I-94, I-96, I-69, M-59
 - Improvements in intermodal connections

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Michigan Transportation System

- Expand the use of technology
 - Implement intelligent transportation systems
 - Improve traffic management
 - Provide advance notification
 - Reduce congestion and associated delays
 - Increased cost
 - Reduced productivity

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Trade Facts

- 87% of the value of Canadian exports came to the U.S.
- 25% of U.S. exports go to Canada; Two-thirds to Ontario
- One-third of U.S./Canada trade is auto industry related
- More than 70% of U.S./Canada trade is carried by truck

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U.S. / Canada Border

- Half of this two-way trade crosses at either Detroit/Windsor or Port Huron/Sarnia
- Critical link in NAFTA supply chain
- Prioritize short term border improvements



- Facilitate access to the border
- Improve processing times
- Incorporate technology to improve operations

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U.S. / Canada Border

- Assume leadership in long-term planning efforts
- Complete bi-national study which will inevitably indicate the need for new or expanded crossings
- Important considerations
 - Redundancy
 - Competition
 - Commercial access
 - Multi-modal capability
 - Location
 - Timing

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Global Marketplace

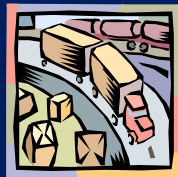
- Michigan is at the center of the global automotive marketplace



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Global Marketplace

- Invest in multi-modal transportation infrastructure
 - Highways
 - Rail
 - Intermodal
 - Ports
 - Airports
- Ensure access to the region



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Automotive Needs

- Long term planning to accommodate growth and ensure consistent, fluid movement of freight
- Government recognition of the importance of transportation infrastructure
- Balance improvements to existing system with future capacity requirements
- Streamline planning and environmental review process to speed up program delivery
- Invest in border crossing infrastructure and intermodal connectivity

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Thank you

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